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Davis, Edgar R.

The big business of government

New York

[1920]

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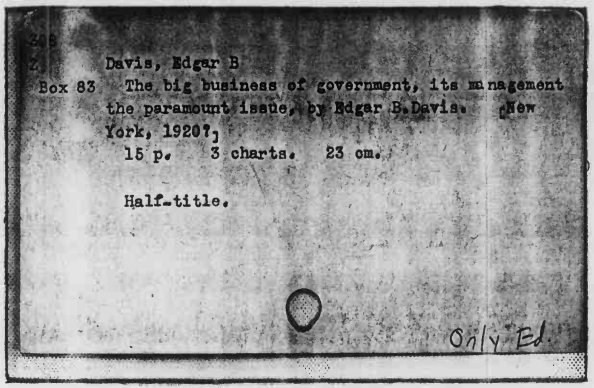
Davis, Edgar B
Box 83 The big business of government, its management
the paramount issue, by Edgar B. Davis. [New
York, 1920?]
15 p. 3 charts. 23 cm.
Half-title.
Only Ed.

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-7-97 INITIALS: RB

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Gift of the President

The Big Business of Government

Its Management —
the PARAMOUNT ISSUE

By
EDGAR B. DAVIS

The Big Business of Government

Its Management—
the PARAMOUNT ISSUE

By
EDGAR B. DAVIS

15 Oct 1920 Smr

The Big Business of Government

LET us look things squarely in the face. Is not the administration of the affairs of our Government in reality a business—a colossal business? Should we not regard it as such? If so, let us get our bearings as to the conduct of that business.

In a Democracy we give up some of our liberties that we may enjoy in safety the major part of them. The authority that prevents us on the one hand from reasserting our liberties after we have surrendered them by law, and on the other hand protects us in the exercise of those retained—is Government. However, to secure under Government, benefits we otherwise could not enjoy, we hazard all, for, in time of emergency, such as that of war, the Government can demand property, labor, or even life itself.

You may remember that after the Fathers of our country had won Independence in 1783, and after the Articles of Confederation had failed to confederate because there was no centralized power to enforce decrees, and the individual States were weak in treaty-making power and unable to finance themselves, the wisest and most far-seeing statesmen saw that a more centralized Government—a giving up of liberties by the individual States—was necessary if the country were to be united and developed. Hence the promulgation of the following:

> "We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

These fifty-two words comprise all that is recorded in the Constitution as to the objects of our National existence, the remainder of the document being devoted to a

definition of the powers to be employed by the three different branches of Government—Legislative, Executive, Judicial—so distributed as to provide a series of "checks and balances" against the usurpation of power by any one body.

The executive powers of the Government which were lodged solely in the President—the Constitution makes no mention of Cabinet Officers—were exercised by President Washington assisted, under laws established by acts of Congress, by a Cabinet of five consisting of Secretaries of State (Jefferson), Treasury (Hamilton), War (Knox), an Attorney General (Randolph) and a Postmaster General (Osgood, later, Pickering).

To visualize the business organization of the Executive Division of our Government, the accompanying charts are presented.

CHART "A" shows the organization of the Executive Division of the Government in the year 1790 under President Washington, which probably was adequate for that time. New Departments were added by succeeding Congresses, but no real change in the scheme of Government has taken place up to date.

CHART "B" shows the present organization of the Executive Division under President Wilson. For the business of war, there were numerous other Departments such as Food, Fuel, Public Information, War Industries, War Trade, Alien Property, Censorship, Shipping, Railroad Administration, responsible directly to him, to say nothing of various Commissions. Thus, during the war, with the world in the most troubled state in recorded history, requiring the ceaseless attention of the President on foreign affairs, there were responsible to him ten Cabinet Officers and eight Heads of Departments who ranked as Cabinet Officers, together with miscellaneous Boards and Commissions.

President Wilson ALONE was expected last year to do the work which in any big corporation would be done by the combined energies of the Chairman of the Board, the Vice Chairman, the entire Executive Committee, the President, and the Assistants to the President. In addi-

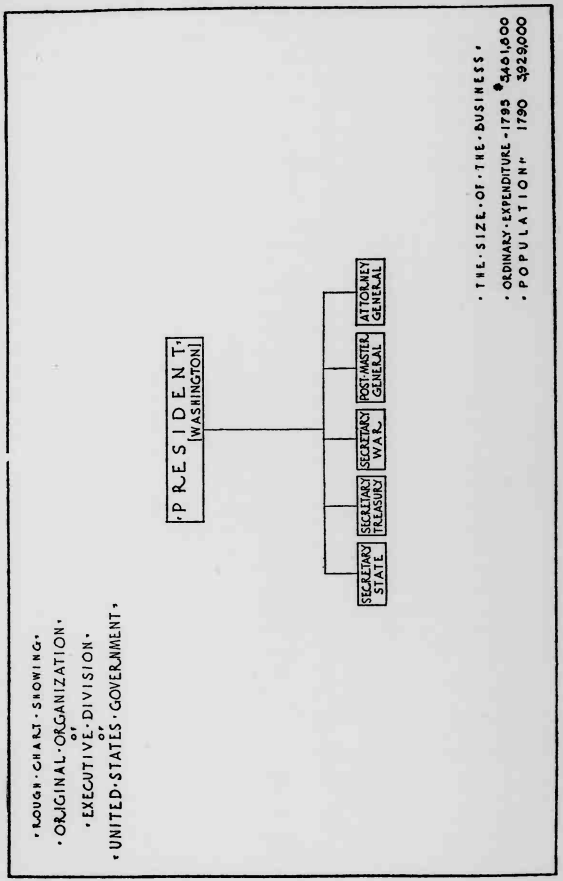

CHART "A"

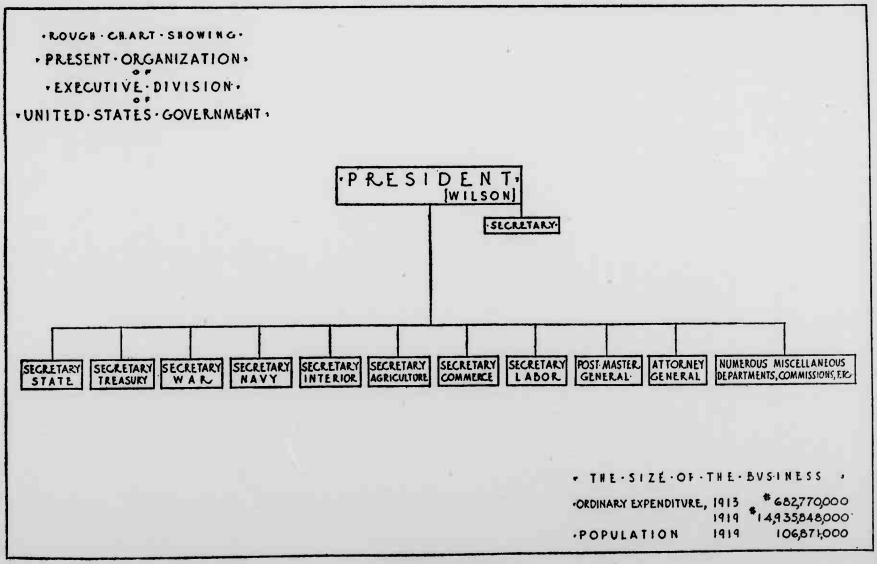
ROUGH CHART SHOWING
PRESENT ORGANIZATION
OF
EXECUTIVE DIVISION
OF
UNITED STATES GOVERNMENT
PRESIDENT
(WILSON)
SECRETARY
SECRETARY STATE
SECRETARY TREASURY
SECRETARY WAR
SECRETARY NAVY
SECRETARY INTERIOR
SECRETARY AGRICULTURE
SECRETARY COMMERCE
SECRETARY LABOR
POST MASTER GENERAL
ATTORNEY GENERAL
NUMEROUS MISCELLANEOUS DEPARTMENTS, COMMISSIONS, ETC.
THE SIZE OF THE BUSINESS
ORDINARY EXPENDITURE, 1913 $ 682,770,000
1919 $ 14,835,848,000
POPULATION 1919 106,871,000

CHART "B"

tion, he was responsible for securing team work from the eighteen Cabinet Officers and Department Heads. What an impossible task for one man! Were the days many times as long, no human being could have accomplished this.

Not long ago, the President of a large Manufacturing Company, who, at the same time, was Chairman of the Executive Committee, desired to retire from the office of President to become Chairman of the Board of Directors, because he could not coordinate properly the activities of six operating Vice Presidents or Presidents of subsidiary companies, who ranked as Vice Presidents, and at the same time give his "vision a chance." The business of this Corporation amounted to about $200,000,000 annually. Yet President Wilson last year was charged, under the existing organization of the Executive Division of the Government, with the duty of blending or harmonizing the activities of three times as many Departments, doing a business of over $14,000,000,000 —seventy times as much business as was done by this Company.

Whatever one may think about the value to the country of the big corporations, their most bitter opponents must admit that they rest upon a sound economic basis and, furthermore, that an admirable system has been developed for the management of their huge enterprises. The large corporation finds it necessary to coordinate the activities of various departments to prevent the duplication of energies with the attendant expense, and also to prevent the overlooking of important work. No prejudice should prohibit us from profiting in the conduct of the Big Business of Government by the excellent system of management which thus has been evolved.

This in no sense means giving over the conduct of the Executive Division of the Government to so-called Big Business. The Government merely would profit for the benefit of **ALL** the people by the excellence of Big Business managerial methods.

To compare the Big Business of Government with a modern business, it is worth while to note that the Gov-

ernment expenditures in 1919 were TEN times as great as those of the United States Steel Corporation, the largest single Industrial unit in this country.

The late Senator Aldrich made the statement that "If I were a business man and could be permitted to do it, I would undertake to run this Government for $300,000,000 a year less than it is now run for." An organization after the order of Chart "C" — with Congress cooperating—could effect many of the economies that Senator Aldrich evidently had in mind.

CHART "C" gives an idea of how the Executive Division of the United States Government could be organized on a modern business basis. This is right in principle but the President himself would be the determining factor in working out how the powers granted him by the Constitution should be delegated to secure efficiency. He should have, however, the advice of a Commission of the ablest experts on organization, business and Governmental matters to study and report upon the problem before definite steps were taken.

The President's Executive Council is designed to fill the same place in the Government organization that is filled by the Executive Committee of a great Corporation. It should consist of the President and four Councillors (Committees of more than five or six are apt to lack something of effectiveness in discussion). These should be nominated by the President with the advice and consent of the Senate and should be chosen from among the strongest and broadest-visioned men—on all lines that affect the general social, political, and economic well-being of the people—in the country.

The Executive Council should be essentially a planning board—FREE FROM DEPARTMENTAL ROUTINE—and its duties would be intensively to study the state of the Union, how "to promote the general welfare," to receive and analyze the reports of the Secretaries of Departments, and to assist the President in shaping the policies which he would submit for the consideration of the Congress.

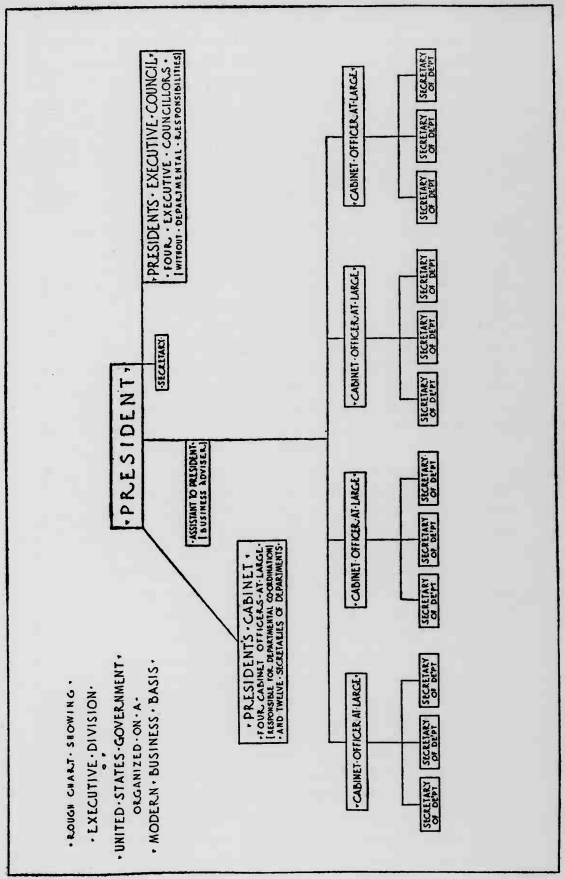
• ROUGH CHART• SHOWING •
• EXECUTIVE • DIVISION •
• UNITED • STATES • GOVERNMENT •
ORGANIZED • ON • A •
• MODERN • BUSINESS • BASIS •
• PRESIDENT •
• PRESIDENTS • EXECUTIVE • COUNCIL •
• FOUR • EXECUTIVE • COUNCILLORS •
[WITHOUT • DEPARTMENTAL • RESPONSIBILITIES]
SECRETARY
• ASSISTANT TO PRESIDENT •
[BUSINESS ADVISER]
• PRESIDENTS • CABINET •
• FOUR • CABINET OFFICERS-AT-LARGE •
[RESPONSIBLE FOR DEPARTMENTAL COORDINATION]
• AND TWELVE • SECRETARIES OF DEPARTMENTS •
• CABINET • OFFICER AT LARGE •
• CABINET • OFFICER-AT-LARGE •
• CABINET • OFFICER-AT-LARGE •
• CABINET • OFFICER-AT-LARGE •
SECRETARY OF DEPT.

CHART "C"

Where, in our scheme of things, have we provided for the intensive study of the problem of how to maintain and enhance the national prosperity? Is not a prosperity, which, like the present, is based on the misfortunes of the rest of the world, too feverish, volatile, and generally unsatisfactory to serve the economic aims of a great nation? Yet the Executive Council would take up just such questions as National Prosperity, industrial relations and high cost of living.

Inasmuch as the Vice President is called upon by the Constitution to succeed the President in case of the latter's "death, resignation or inability to discharge the powers and duties" of the office of President, it would be a safeguard to the Government if, in addition to the duties devolving upon him under the Constitution, he were to be present (by invitation of the President) at the meetings of the Executive Council. Thus, while not assuming any routine work, the Vice President would be closely in touch with the problems with which he would be confronted if called upon to assume the Presidency. Furthermore, he could be made an important factor in securing much-needed close cooperation between the Senate and the President. Similarly, some arrangement should be worked out whereby a point of contact between the House of Representatives and the Executive Division would be established. Thus the Constitution would be followed to the letter, at the same time meeting the present day Spirit of Cooperation, and the Vice Presidency again would become a position of honor and great usefulness—and the work of Congress made vastly more effective.

The President's Cabinet under Chart "C" would correspond to the Operating Council of a large Corporation. These Cabinet Officers-at-Large should be selected from the most capable business men of the country and—as distinguished from the members of the Executive Council —would have departmental responsibility, being engaged primarily in the work of coordinating the Departments of the Government. The Secretaries should be experts in their particular lines and should have sufficient power to enable them to function properly. There should be

no power without responsibility, and no responsibility without power.

The Assistant to the President necessarily should be a very able business man.

The essence of the plan is TEAM WORK. With a President in sympathy with the plan and able to delegate responsibilities to associates, this arrangement—if carried out faithfully and with the cooperation of Congress—would relieve the President of thousands of harassing detailed cares, and by thus freeing him from detail, enable him better to serve the whole country.

THERE IS NOTHING IN THE CONSTITUTION OF THE UNITED STATES WHICH PREVENTS OUR PUTTING THE GOVERNMENT ON A SOUND BUSINESS BASIS. On the contrary, may it not be unconstitutional to organize so ineffectively that the object of the original Union of these States—"to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity"—cannot be realized?

Nor would any Constitutional change be necessary to secure the cooperation of the Legislative bodies.

The much discussed Budget System does not go far enough in reorganization, though it is an important step ahead when compared with the present method. Yet, in reality, the Budget System is only a detail which comes under the Department of Finance and Accounting of any well managed modern corporation.

As an example of how a cumbersome organization reflects itself in disaster, costs not only money, but HUMAN LIVES, note the experience of the British in the late war. At the beginning, a Cabinet, composed of some twenty-three Ministers, with the Prime Minister at its head, was responsible for the direction of the war. This was found to be unwieldy, and it was only after the country was shaken by disasters like Gallipoli and the first Battle of the Somme that progress toward a real reorganization occurred.

Even a Cabinet Committee of Departmental Ministers chiefly concerned in the war did not meet the needs of the case, but finally, a small War Cabinet, free from all administrative duties—like the Executive Council herein suggested—was formed to take the supreme direction of the war and produced excellent results. By what strange anomaly did Great Britain, without commercial enterprises on the conspicuously large scale with which we in America are familiar, come eventually to organize her great war work on Big Business lines, while we, with examples of great business administration all about us, continued to manage our war under a system laid down when the country was in its infancy?

Great Britain had to learn at great cost of human lives as well as treasure, that an unwieldy organization did not pay, while a non-partisan organization similar to that suggested in Chart "C" proved so successful in management that only recently Mr. Lloyd George begged his countrymen not to get back to the "Tweedledee" and "Tweedledum" of Politics.

The American people want an end of war. They also want domestic peace, prosperity and happiness. Can we do anything better to secure these than by organizing so as to leave our Chief Executive and his Councillors sufficiently free from detail that they may be able to give their best thought to the accomplishment of these objects? And should not the first step in the great part we are destined to play in service to mankind be that of getting our own house in order? And will the American people —when they see it is they who pay the bills in blood and money—be content to allow this issue to be thrust aside? And when they fully understand that a proper organization of the Executive Department of the Government must precede close cooperation with Congress and that only by such cooperation can be maintained a stable prosperity on the one hand, and our human ideals on the other, will not the reorganization of the Big Business of Government — fundamental as it is to our National progress—become the "PARAMOUNT ISSUE" in the coming election?

Publicity Printing Corp., New York

MSH 21908

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